

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

HB 502 – SB 408

February 26, 2021

SUMMARY OF BILL: Allows a parent, legal guardian, legal custodian, conservator, spouse, or a responsible relative to a person alleged to be in need of care and treatment, a licensed physician, psychologist, or an officer authorized to make arrests to file a petition with a mental health court to require mandatory outpatient care and treatment in a county with a mental health court if a person has threatened or attempted homicide or an act of mass violence towards persons or property and there is substantial likelihood that a homicide or act of mass violence will occur unless the person is placed under involuntary treatment.

ESTIMATED FISCAL IMPACT:

On February 26, 2021, a fiscal note for this legislation was issued estimating a fiscal impact as follows:

*Increase State Expenditures – Exceeds \$810,400/FY21-22
Exceeds \$1,062,200/FY22-23 and Subsequent Years*

*Increase Federal Expenditures – Exceeds \$110,200/FY21-22
Exceeds \$144,500/FY22-23 and Subsequent Years*

After further consideration, it was determined the estimated fiscal impact was in error. As a result, the estimated fiscal impact has been corrected as follows:

(CORRECTED)

**Increase State Expenditures – Exceeds \$551,700/FY21-22
Exceeds \$820,300/FY22-23 and Subsequent Years**

**Increase Federal Expenditures – Exceeds \$75,000/FY21-22
Exceeds \$111,600/FY22-23 and Subsequent Years**

Corrected Assumptions:

- Based on information provided by the Department of Mental Health and Substance Abuse Services, there are 13 counties with a mental health court.
- Based on Tennessee Bureau of Investigation data, there have been at least 370 instances of murder and negligent manslaughter in these counties; therefore, it is assumed these

individuals could be initially considered for mandatory outpatient treatment in these 13 counties.

- An estimated 48.4% or 179 ($370 \times 48.4\%$) will be convicted, and not eligible for this treatment option.
- It is estimated the remaining 191 ($370 - 179$) individuals will be evaluated at a cost of \$250. The increase in expenditure is estimated to exceed \$47,750 ($191 \times \250) for evaluations in FY21-22 and at least an additional 20 evaluations estimated to exceed \$5,000 ($20 \times \250) in FY22-23 and subsequent years.
- It is estimated 18 percent of the 191 individuals have a mental health diagnosis, resulting in 34 individuals ($191 \times 18.0\%$) participating in mandatory outpatient treatment in the first year and an additional 20 in FY22-23 and subsequent years.
- The average program of assertive community treatment (PACT) rate is \$19,147. The increase in state expenditures is estimated to exceed \$650,998 ($34 \text{ individuals} \times \$19,147$) for treatment in FY21-22.
- In FY22-23 and subsequent years it is estimated approximately 54 individuals (34 individuals from FY21-22 + 20 additional individuals) will be participating in mandatory outpatient treatment. For this analysis, it is assumed this number will remain constant in subsequent years.
- The total increase in state expenditures is estimated to exceed \$698,748 ($\$47,750 + \$650,998$) in FY21-22.
- The increase in expenditures is estimated to exceed \$1,038,938 [$\$5,000 \text{ evaluations} + (54 \text{ individuals} \times \$19,147)$] in FY22-23 and subsequent years.
- Approximately 73.5 percent of these expenditures will be paid in state funds resulting in state expenditures exceeding \$513,580 ($\$698,748 \times 73.5\%$) in FY21-22 and \$763,619 ($\$1,038,938 \times 73.5\%$) in FY22-23 and subsequent years.
- Approximately 16.2 percent of these expenditures will be reimbursed by TennCare. Medicaid expenditures receive matching funds at a rate of 66.295 percent federal funds to 33.705 percent state funds. This will result in the following:
 - State expenditures of \$38,153 [$(\$698,748 \times 16.2\%) \times 33.705\% \text{ state rate}$] and federal expenditures of \$75,044 [$(\$698,748 \times 16.2\%) \times 66.295\% \text{ federal rate}$] in FY21-22; and
 - State expenditures of \$56,728 [$(\$1,038,938 \times 16.2\%) \times 33.705\% \text{ state rate}$] and federal expenditures of \$111,580 [$(\$1,038,938 \times 16.2\%) \times 66.295\% \text{ federal rate}$] in FY22-23 and subsequent years.
- The remaining 10.3 percent of expenditures will be reimbursed through private health insurance, private parties, Medicare, and other resources.
- The total increase in state expenditures in FY21-22 is estimated to exceed \$551,733 ($\$513,580 + \$38,153$).
- The total increase in federal expenditures in FY21-22 is estimated to exceed \$75,044.
- The total increase in state expenditures in FY22-23 and subsequent years is estimated to exceed \$820,347 ($\$763,619 + \$56,728$).
- The total increase in federal expenditures in FY22-23 and subsequent years is estimated to exceed \$111,580.
- It is assumed sheriffs can transport individuals within the counties that have a mental health court without a significant increase in expenditures.

- Any increase in court cases can be accommodated utilizing existing resources; therefore, any fiscal impact is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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